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Speeches

U.S. Department of Agriculture • Office of Governmental and Public Affairs

**Remarks prepared for Secretary of Agriculture John R. Block,
Opening Ceremony of Hispanic Heritage Week, USDA Patio,
Sept. 14, 1981**

Today we are starting a round of activities in observance of National Hispanic Heritage Week. It is obvious that these days have been set aside each year to acknowledge, appreciate and enjoy the many contributions that have been made by the Hispanic culture. But blocking off a number of days means little, unless we are willing to take the time necessary to benefit from what we can learn this week.

I think it is important that we never hesitate to show our appreciation for all of the varied cultures that have combined together to forge the United States into the strongest and most progressive nation in the world. And certainly, the rich Hispanic heritage has played a distinguished role in that development.

It was the Hispanic people who founded settlements in Florida and Georgia, even before the New England colonies were established. They also homesteaded in Puerto Rico, Texas and New Mexico—more than 150 years before the War of Independence.

The Hispanic influence has been seen by people like Don Bernardo de Galvez, the Spanish Captain General and Governor of Louisiana who successfully led several campaigns against the British during the War of Independence. Nor should we overlook David G. Farragut, born the son of Spanish mariners in Tennessee, who rose to the rank of Admiral—the first Hispanic to do so in our nation's history. As you know, Farragut Square is named in his honor. By the way, there will be a noon ceremony today to honor this great Hispanic hero.

In areas such as education, the Hispanic people were also among the first. They founded the University of Mexico in 1533, and have played a significant role in education ever since.

Closer to all of us in the USDA are the Hispanic contributions to agriculture. Many of these contributions were refinements of what was found by the Spaniards in the two major Indian civilizations—the Aztecs of Mexico and the Incas of Peru. Both civilizations were based

upon agriculture, and both had developed an independence from the rest of the world.

Among the crops originating in the New World—corn, kidney beans, lima beans, squashes, pumpkins and tobacco were grown in many parts of North and South America. Corn, or maize, the most important crop of American origin, was developed in the highlands of Mexico. The potato, which rivaled corn for importance in South America, originated in the Andes.

And that's not all. Manioc, sweet potatoes, pineapples and peanuts were developed as sources of food in the Amazon Valley. In fact, only the incidental crops such as the Jerusalem artichoke were first developed in what we now know as the United States.

In other words, this great industry of agriculture in our country was made possible, largely because of the contributions made by Mexican, Puerto Rican and South American agricultural products. These contributions have helped develop our agriculture into a business that accounts for a full 20 percent of our nation's Gross National Product. This in turn, forms the foundation for more than 23 million jobs—one fifth of our country's work force.

These jobs provide a tremendous opportunity for us to encourage many new people into this very broad and diverse industry that we call agriculture. In fact, we have initiated a series of Agriculture Career Awareness Symposiums as part of our effort to encourage minority and urban youth to look at careers in agriculture. The latest of these symposiums was held just last week at Texas A&I University—in an area where more than 60 percent of the population is Hispanic.

The program was developed by the University Staff of our Office of Equal Opportunity, and coordinated with the Hispanic Employment Program Staff. It is a very important part of our commitment to help all people become part of our overall economic system.

We in the Department of Agriculture also fully realize that we must always continue to assure that equal treatment is given to all people, in all phases of employment. Equal employment opportunity, and equal treatment after employment, are both essential—not only for people such as the Hispanic Americans—but also for the survival of a nation that is based on equality and freedom.

I have told you about just a few examples of how the Hispanic heritage has broadened the foundation upon which our country stands. There is still much more to be recognized about this culture and the many other cultures that have been woven into the American fabric. We have to take time to focus more of our attention on areas such as this. If we are unwilling to learn from the cultures that have made this country successful in the past, then we will not be qualified to face the future.

I think that agriculture has always shown the ability to look forward—and I am pleased to be here today, representing agriculture as we open this enlightening week of Hispanic heritage.

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Remarks prepared for delivery by Secretary of Agriculture John R. Block, Allied Corporation, Washington, D.C., Sept. 14, 1981

As I am speaking to various groups here in Washington and around the country, I always try to say a few words about the tremendous contribution agriculture is making to this nation.

I talk a lot about productivity—about how agricultural output has skyrocketed over the past 25 to 30 years. I talk about how agriculture has become such a bright spot in our country's balance of trade. And I talk about the fact that we account for 20 percent of the Gross National Product.

There are two reasons why I insist on making these points. First, I just happen to have a grassroots pride in the business. I think it's an exciting, dynamic industry that is going to get even more exciting and more dynamic in the future. Secondly, I think it is important to keep reminding people about agriculture's contribution—especially as we go about the task of correcting some of the problems that are facing the industry today. We should never lose track of the reasons why we have to keep agriculture a self-supporting strength in our economy.

I think we are all aware of the concerns that agriculture is confronting. We know what the markets have been doing, and we know what inflation has been doing for years. This translates into net farm

income— which has dropped 40 percent during 1980 alone. And if you figure inflation into the picture, we're talking about the lowest net farm income since the 1930s.

I'm not one to dwell on problems, but when you're confronted with figures like these—you have to take them seriously. You know, and I know, that we have gone too many years watching a government pretend the problem did not exist.

I realize that Allied Corporation is as aware of these concerns as anyone. Your products have played a major role in making agriculture what it is today. You have a product that is going to be needed moreso in the future, and that means you will have to be facing the challenges of the future along with the rest of agriculture. Likewise, you are also facing the same problems.

It would be nice to tell you today that we've come up with an immediate cure. You've been told that before, and you know what happened. Crash programs are designed to give a quick lift to the economy, but in reality they have left us worse off than when we started. What we have to remember is that the administration is trying to undo something that has been going on for a long, long time. When it has taken years—even decades—to get into such an economic mess, then we should not be surprised if it takes more than just a few months to get out. But, the one thing that I can assure you is that you will get some results from now on.

In fact, we've already seen some of those results. Major steps have been taken to bring the federal budget under control, and we have secured passage of the largest single tax cut in the history of this nation.

In agriculture, we are taking a long-range look at developing a free-market climate. I believe in market-oriented agriculture. I believe that it is the only way we are going to bring long-lasting prosperity to the industry—a prosperity that is based on a solid self-supporting foundation.

I am also aware that this will not happen overnight. In fact, it is not in the best interest of agriculture to allow it to happen that quickly. Agriculture has to recover within the framework of the total Economic Recovery Program. We've got record crops sitting in the fields. We're trying to recover from double-digit inflation, skyrocketing interest

rates, and we're trying to offset the effects of an ill-advised embargo.

That is one of the reasons why I recently announced my intentions to implement a 15 percent reduced acreage program for the 1982 wheat crop. And that is why we are taking a close look at other action that can be taken. Actions like these are in no way an indictment of the free-market principle. Instead, they are a temporary means of absorbing the shock as we withdraw from years of government interference in the entire economy. I am convinced that once we have completed this task, we will have an agriculture that can depend on the marketplace.

Meanwhile, we will also be working hard to improve our situation in world trade. A big step in this direction came when President Reagan ended the Soviet grain embargo. Not only did this open the door for aggressive talks with the Soviets, but it also showed other nations that we are sincere in our intent to become a reliable supplier, once again.

As you already know, we will be consulting with the Soviet Union on September 30 and October 1 in Moscow about additional grain sales. A week later, I will be visiting our neighbors in the Far East to assess our trading opportunities in that area. I will be meeting with government and trade officials to talk about their needs, and I will be meeting with our own counselors and attaches to get their appraisals. I also want to work with Japanese officials on further liberalization of their markets.

We've got a lot of work to do in many areas—both at home and abroad. But I'm excited about the work because I know we are finally heading in the right direction, and we have a President that is behind us. That makes all the difference in the world.

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Remarks prepared for delivery by C.W. McMillan, Assistant Secretary of Agriculture for Marketing and Inspection Services, before the National Seminar in U.S. participation in the Codex Alimentarius Commission in Washington, D.C., Sept. 15, 1981

Good Morning. I am happy to be here today to discuss "Food Safety in the United States," and to provide an assessment of where we are in revising the food safety laws.

This country—and especially the agricultural economy—has been helped tremendously by the high level of confidence consumers have in the safety of the food supply.

We are proud of the ability of the American farmer to provide abundant, high quality and nutritious food for citizens here and throughout the world and at the same time supply the largest single component in our export trade. This has meant increased productivity and growth for the industry. Consumers have benefited as well from a varied and uninterrupted supply of wholesome and affordable food.

This administration recognizes the enormous benefits all elements of society receive from a safe and adequate food supply and it supports the effort to revise and modernize the food safety laws.

Revision of those laws is a major undertaking and we are prepared to devote much time and effort. However, while we are hard at work on that front, we will continue to vigorously enforce the federal meat and poultry inspection laws. We will uphold our commitment to assure a safe food supply using whatever enforcement actions are necessary—including criminal prosecution when the situation warrants.

Evidence of that commitment was displayed in the recent incident involving adulterated meat from Australia. To determine the extent of the problem, we impounded all 66 million pounds of Australian meat in this country while we conducted tests on representative samples to assure that the meat was wholesome and properly labeled before it reached consumers. Based on the results and information from investigations here and in Australia we released only that meat which we were sure was not adulterated.

At the same time, we announced tough new steps designed to prevent mislabeled, uninspected or otherwise adulterated products from coming into the United States. As a result of these actions, the public's confidence in the integrity of our meat supply will be maintained, and the interests of the industry will be protected.

This year we are observing the 75th anniversary of the Federal Meat Inspection Act and the Federal Food, Drug and Cosmetic Act—the two laws which form the cornerstone of food safety in this country.

When these laws were passed in 1906, there were serious concerns about the safety of the food supply, specifically the level of sanitation in packinghouses and the use of harmful chemicals in food products.

Recognizing the potential impact on the industry as well as the public, President Theodore Roosevelt went before Congress to advocate legislation which would "protect legitimate manufacture and commerce, and would tend to secure the health and welfare of the consuming public."

Those laws have served us well. Today, this country boasts a strong and vital agricultural economy, as well as one of the safest food supplies and healthiest populations in the world.

But as changes continually occur, it has sometimes been difficult to enforce laws fairly, effectively and rationally.

Some recent occurrences—the nitrite and saccharin episodes, for instance—have highlighted the shortcomings of the present laws.

When the federal regulators wanted to ban saccharin, Congress stepped in and said no. The lawmakers responded to a fairly widespread public belief that saccharin was relatively safe in moderate amounts and that it provided important benefits to many people.

The nitrite incident showed the glaring need for a more flexible law. Regulators considered a potential ban on nitrite, basing their deliberations on a scientific study which was eventually judged deficient. Even though the ban was never instituted, the publicity caused needless concern among consumers and serious damage to the industry.

In short, these episodes did little to instill confidence in our regulatory system.

The intent of food safety laws—to prevent the marketing of unsafe or mislabeled products—has not changed. Today's problems, however, are not the same as those we faced 10 or even 5 years ago. As a result, the existing legal mechanisms do not always serve us well.

The debate has focused on whether the law goes beyond what is necessary to assure a reasonably safe food supply. Legislation proposing changes in the food safety laws has been introduced in both houses of Congress and it has the support of key congressional leaders as well as a coalition of industry groups.

Senator Orrin Hatch of Utah and five other senators, including Sen. Jesse Helms, chairman of the Senate Agriculture Committee, are sponsoring the bill in the Senate. House Agriculture Committee

Chairman Kika de la Garza has been joined by 43 of his colleagues in sponsoring the measure in the House.

In both houses, the legislation has been jointly referred to the Agriculture Committee and the committee which deals with health legislation—Sen. Hatch's Labor and Human Resources Committee and the House Committee on Energy and Commerce. We've been notified by the Committees that they are planning hearings this fall on the legislation.

The bill modifies several sections of the Food, Drug and Cosmetic Act and adds some new provisions. Conforming changes are proposed for the meat, poultry and egg inspection laws.

The proposal focuses on the use of risk assessment and on procedures for the use of outside scientific expertise in the regulation of food and color additives, food contaminants and animal drugs. The bill proposes a Food Safety Committee to provide this expertise to FDA.

Under the bill, FDA's decisions on food safety would consider whether the food substance presented a significant risk to humans. A more flexible standard would also be used for the Delaney clause.

The proposal also addresses the regulation of additives which appear to have a significant risk but which, at the same time, have been widely used in the past and for which there is no reasonably practical substitute. The bill would allow regulatory agencies to consider factors other than risk in these cases. Such factors could include the consequences of prohibition, including the effects on the nutritional value, consumer cost, availability and acceptability of the food, and the use of the additive for dietary and other health-related purposes.

The proposal treats basic and traditional foods and food contact substances less strictly than food additives. "Basic and traditional foods," as defined by the bill include raw agricultural commodities which historically have been used in the food supply or have been processed in a way that does not significantly change them.

The category of "food contact substances" would include substances used in packaging or transporting food. Instead of the present approval process required for these substances under the food additive provisions, they would come under a pre-market notification system. A manufacturer would make a formal notification to FDA before

marketing. Unless FDA determined that a significant risk existed, the notification would automatically become effective in 90 days.

The legislation proposes to revise the procedure for establishing tolerance levels for substances in food which may be harmful but that are required or cannot be avoided in production. It would eliminate the requirement for a formal evidentiary hearing and substitute an informal notice-and-comment rulemaking process and consultation with the Food Safety Committee.

A special sub-cabinet council, which I chair, is studying the proposed changes and other food safety issues and developing an Administration position. Our deliberations involve the three agencies with food regulatory responsibilities—USDA, the Food and Drug Administration and the Environmental Protection Agency.

The other members of the council are Assistant Secretary of HHS for Health, Dr. Edward A. Brandt Jr.; FDA Commissioner Arthur Hayes; Dr. John Hernandez, deputy administrator of EPA; and Dr. Donald Houston, administrator of USDA's Food Safety and Inspection Service.

The Council's recommendations will be sent to the President's Cabinet Council on Human Resources. In all matters relating to food safety, Secretary of Agriculture Block will co-chair the Cabinet Council with Secretary Schweiker of the Department of Health and Human Services.

The mission of the Sub-Cabinet Council is twofold. First, we are reviewing the proposed legislation which I have just described. Second, we are going beyond that to bring into the discussion other changes and modifications in the laws which the Administration considers necessary and appropriate.

The process of developing a comprehensive Administration position on this very complex area is going along well. We have been meeting two to three times a month, and we expect to complete our work this fall in time for the congressional hearings.

In some areas of concern, we are finding common ground among the agencies and the legislative proposals. In other areas, however, substantive differences remain which we are working to resolve.

In general, the proposed legislation does a good job of identifying the key areas where changes are needed. Defining the nature and

extent of those changes presents our greatest challenge.

Another area where we are considering change is the "continuous inspection" provisions of the Federal Meat Inspection Act and the Poultry Products Inspection Act—two laws that have remained relatively unchanged since their original enactment.

Since passage of the laws, the meat and poultry industries have experienced enormous growth and the responsibilities of inspectors have expanded. Inflation has been particularly hard on the inspection program which is highly labor intensive. As a result of these changes and the growing need to reduce government expenditures, USDA has intensified its search for inspection efficiencies.

When the Federal Meat Inspection Act was passed in 1906, it was determined that the language authorizing the inspection of "all meat food products" called for an intensive system of inspection with government inspectors in plants on a continuous basis.

This intensive system of meat and poultry inspection involving the daily onsite presence of inspectors has come to be known as "continuous" inspection, a term used to distinguish it from the less intensive periodic review of activities applicable to the remainder of the food supply under FDA's jurisdiction.

Over the years, however, processing activities became highly differentiated from slaughtering activities, and it became apparent that maintaining the same form of inspection in all plants, regardless of their processing functions and styles, was no longer an efficient use of inspection resources.

We have seen an increased number of smaller, more specialized processing plants. This lessens the productivity of the inspection force because transportation and travel time become more significant costs as inspectors take on multi-plant assignments.

We have also experienced the influx of thousands of new processed food products containing a large array of meat and nonmeat ingredients, and the introduction of mass production equipment. It is no longer practical for USDA to base inspection of processed products on an interpretation of the law that required an inspector to personally and literally inspect every item, as was necessary for slaughtered animals.

Several aspects of the industry environment provide USDA with the opportunity to use what it has learned about its program over the years to increase program efficiency.

The tremendous advancement in food processing technologies offers a good foundation on which to build a less cumbersome inspection program. The standardization of production under these new technologies permits the inspector to obtain a good picture of the total system and the final product by focusing on crucial aspects of the process.

In seeking to improve inspection productivity, the Department implemented the Voluntary Total Quality Control Inspection System which depends on a plant's own system to provide information for the inspector. Further, the department has learned to use technical and performance indicators to assign inspectors where they are needed most.

The Department has also learned that the quality of a plant's compliance with regulatory requirements can be predicted on the basis of criteria which include the public health risk of the operation, the ability of the plant to monitor its own processes, and the plant's history of compliance.

In some areas, we need more inspection and in others, we need less. We don't presently have the flexibility to make the best decisions.

To implement the innovations needed in the inspection system, USDA must have the flexibility to allocate inspection resources in a way that will take advantage of the opportunities available to increase the efficiency of inspection in some plants and that recognizes the special problems of small plants.

To gain that flexibility, USDA is preparing a legislative proposal that will amend the "continuous inspection" provisions of the food safety laws which the department administers. These proposals, if enacted, will give the Secretary of Agriculture greater discretionary authority in deciding the intensity and level of inspection to be used in the further processing of meat and poultry products. We are confident that this will enable us to do our job more efficiently, and at the same time maintain or improve the level of consumer protection being afforded.

The debate over the food safety laws is not a new one, and it certainly won't end with the revisions now underway. This is as it

should be. Congress has done a good job over the years in making changes to keep the laws current and effective.

A successful food safety policy must strike a reasonable balance between the need to minimize risk and the need to leave the consumer some options in making food-consumption decisions.

There is a clear recognition of the need for innovation and motivation in the food industry. The government's regulatory efforts should preserve the safety of the food supply while encouraging continued growth in the industry.

We're going to be working closely with all segments of the industry on food safety matters as well as other areas. The confrontational politics that often characterized relations between USDA and the industry in the last four years are over. We look forward to cooperating with you in the effort to maintain a strong economy by preserving the climate for growth and innovation.

Our doors are always open to those who have legitimate interests. We won't always agree, but I can assure you USDA will be listening and taking your views into account.

• Thank you.

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Remarks prepared for delivery by Secretary of Agriculture John R. Block, Codex Alimentarius Commission Seminar; Jefferson Auditorium; Sept. 15, 1981

There are three points that I always try to make when I am speaking, regardless of where I happen to be in this country. First, I talk about agriculture in its broadest sense. I talk about the great contributions that it has made to the economy of this nation over the years. Secondly, I stress the importance of keeping this industry strong, and how this strength will play a major role in the President's Economic Recovery Program. And thirdly, I talk about how essential it is to develop a climate that will allow world trade on a free and even-handed basis.

Actually, each of these three areas contributes to the other. World trade has been one of the primary reasons why agriculture has given so much to our economy. Our industry is efficient and it is productive. And because of this, we have given this country a plus figure in our balance of trade—one that is reaching towards \$30 billion.

This is an impressive figure. We realize this and we are proud of it. But we also realize that we can't use it as a resting post. What we have gained in the world marketplace can be lost just as easily. It takes work to get into many world markets, and once we're in, it takes a lot more work to stay.

Free trade has been a working theme for this administration. We advocate it. We work for it. We believe in it. Our commitment to trade, free of government interference, was clearly shown by President Reagan on April 24 when he took the necessary action to end the Soviet grain embargo.

I realize that it will take time to achieve our goals. It is not going to happen over night, or within just a few months. But what can be achieved in a relatively short time is for our trading partners to show indication that they are at least heading in the right direction.

A basic part of our export thrust will be to talk with other nations about our concerns over restrictionism. We have been approaching many of our trading partners as customers, competitors and as friends with an invitation to negotiate for lower trade barriers wherever they exist. We are also working through GATT to remove some of the trade restrictions that we have seen.

In fact, the GATT code of conduct for developing and using standards appears to be patterned after the Codex activities. This, alone, is an excellent endorsement for the work you have been doing in Codex.

We all know that barriers to trade come in all sizes and shapes. But probably the most difficult to deal with are those that are hidden—those that are buried in health or safety regulations, or quality or grade standards. Some even hide behind standards of identity.

Those barriers that shield themselves behind standards and other regulations are what our efforts in Codex are all about. I am pleased that the first goal of Codex is directed toward the consumers—to protect their health and welfare. What we have to determine, however,

is this: Where does consumer protection end, and where does protectionist activity begin?

The Department of Agriculture is convinced that food laws can be standardized internationally. They also have to be open-ended so that new technology and new ideas will be enhanced—not blocked. I feel that the United States has to take the lead in working towards this goal.

I am equally pleased with the cooperative government-industry effort in Codex. That cooperative thrust is evident right here in this seminar, where we have a number of trade associations and individual companies that represent many states in our nation. We also have several countries represented today—and we welcome each of you.

Not too long ago I was given some information about a recent Codex activity—the 1981 meeting of the Codex Alimentarius Commission. As I looked at the attendance at that session, I was pleased that so many countries, representing so many cultures, were able to come together to talk about food standards. About 55 countries and 30 international organizations attended that meeting. They represented both the developed and developing countries—plus countries with varying religions, heritages and environments.

I think there is a good reason why so many countries are willing to sit down and talk about these issues. We all have a lot to gain from workable international standards and codes of practice.

You will notice that I said "workable standards." This is a must. "Paper" standards are meaningless if they are not enforceable. They must reflect capabilities and they must reflect consumer needs. I am firmly convinced that we have a real opportunity to get these types of standards from Codex.

We are very pleased with the progress to date. Codex working—and when I see this kind of participation, I know that it will continue to work for the benefit of all trading nations. The road may be slow at times, but we're heading in the right direction. But I assure you—we will reach our goal.

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Remarks prepared for delivery by Secretary of Agriculture John R. Block, Y Group, Washington, D.C., Sept. 16, 1981

As I was glancing through the charter information on the Y Group, I was particularly pleased to see that the main thrust of your organization is to provide enhanced communication with those public and private individuals who influence the nation. I suppose that my first thought was: Wouldn't it be great if every person in this country could belong to such an organization—especially as we enter into this new era of economic recovery.

I'm sure that each of you knows what President Reagan's program is all about. You know what the problems have been in this country, and you know what the President's plan for recovery involves. It's a plan that relies heavily upon the genius of the people to return productivity and prosperity to this nation. It's a plan that returns to the people, the necessary tools to make it work: Responsibility, tax money, incentive and opportunity.

This is not a new concept in federal government, but it's certainly a emphasis of an idea that has been set aside for too many years. The fact is that many of our younger adults have never lived or worked in an era of less federal involvement. Many of those who have, may have forgotten. In either case, we need to have a clear communication of these ideas if we expect them to work. This is why I salute the Y Group on its goal for better understanding of the views and solutions to some of our major issues.

I am here this morning to talk to you about agriculture, about some of the major issues we are facing. But first, to put things into perspective, I want to say a few words about the kind of contribution agriculture has been making to our economy.

I like to talk a lot about the productivity of agriculture, because that's where it all starts. Since 1950, we have increased our output by 70 percent, and we did it by increasing our input only 4 percent. This productivity has helped us take giant strides into the world market—so much that we are reaching towards a \$30 billion surplus in world trade. Compare this to the \$50 billion deficit seen in the non-agricultural sector. This type of activity accounts for 20 percent of our Gross National Product and provides jobs for 23 million people.

I think it's important that we keep these figures in the back of our minds especially as we go about the task of correcting some of the problems that are facing the industry today. We should never lose track of the reasons why we have to keep agriculture a self-supporting strength in our economy.

The factors that have been affecting agriculture are not unlike those that have caused concern in other sectors of the economy. The basic problems, of course, are high interest rates and inflation. They have both contributed to a serious decline in net farm income—which has dropped 40 percent during 1980 alone.

I'm not one to dwell on problems, but when you're confronted with figures like that—you have to take them seriously.

It would be nice to tell you today that we've come up with an immediate cure. But, so-called crash programs are only designed to give a quick lift to the economy. In reality they have left us worse off than when we started. What we have to remember is that the administration is trying to undo something that has been going on for a long, long time. When it has taken years—even decades—to get into such an economic mess, then we should not be surprised if it takes more than just a few months to get out.

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I am also aware that this will not happen overnight. In fact, it is not in the best interest of agriculture to allow it to happen that quickly. Agriculture has to recover within the framework of the total Economic Recovery Program. We've got record crops sitting in the fields. We're trying to recover from double-digit inflation, skyrocketing interest rates, and we're trying to offset the effects of an ill-advised embargo.

That is one of the reasons why I recently announced my intentions to implement a 15 percent reduced acreage program for the 1982 wheat crop. And that is why we are taking a close look at other action that can be taken. Actions like these are in an indictment of the free-market principle. Instead, they are a temporary means of absorbing the shock as we withdraw from years of government interference in the entire

economy. I am convinced that once we have completed this task, we will have an agriculture that depend on the marketplace.

Meanwhile, we will also be working hard to improve our situation in world trade. A big step in this direction came when President Reagan ended the Soviet grain embargo. Not only did this open the door for aggressive talks with the Soviets, but it also showed other nations that we are sincere in our intent to become a reliable supplier, once again.

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We've got a lot of work to do in many areas—both at home and abroad. But I'm excited about the work because I know we are finally heading in the right direction, and we have a President that is behind us.

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Remarks prepared for delivery by Under Secretary Seeley G. Lodwick before the Iowa District Export Council, Des Moines, Iowa, Sept. 17, 1981

DOING BUSINESS WITH THE EUROPEAN COMMUNITY

Before we begin discussing today's setting let's look back very briefly at the beginning of the European Economic Community. It is important to remember that the United States favored European integration long before 1957 when the Treaty of Rome was signed. The Eisenhower Administration actively supported the formation of the European Community at that time. The EC was and is important for the peaceful resolution of European problems, for the stimulation of economic growth and for mutual protection. Every presidential administration since then has recognized the importance to this country

of an integrated Europe. This is certainly true of the Reagan administration.

We have recognized from the beginning that a unified agriculture is essential to an integrated Europe. There are good reasons for this. After all, agriculture is an important part of the European economy and society.

The original commitment to economic integration in the EC included the gradual establishment of a customs union—the freeing of trade between the members and the establishment of a common customs tariff on imports from third countries. In the case of agriculture, this could not be done without bringing some uniformity and centralization to the agricultural programs of the member nations.

Nor could agriculture simply be left out of a customs union. The original membership of the European Community included countries that are major agricultural producers and traders, and certain of these countries expected to benefit directly from the exporting of agricultural products.

One-tenth of the total EC area is agricultural. More than 8 percent of the labor force is still on the land, and that percentage was higher in 1957. Agriculture contributes 5 percent of the total national product of EC countries. Agricultural exports to countries outside the Community amount to \$21 billion a year—including dairy products, beef, grains, pork, fruits and vegetables, oils and fats.

Agricultural exports are especially important to two of the EC members that are highly influential in the development of Community policy—France and the Netherlands. France has nearly half the agricultural area represented by the original six EC members and two-thirds of the farms larger than 250 acres. Nearly one Frenchman in four was employed in agriculture in 1957.

While the Netherlands has a much more limited cropland area, its animal product exports are highly important. Germany, too—while less concerned with agricultural exports—has an influential farm and rural population concerned with protecting its long-term interests. All in all, it was apparent in 1957 that a single agricultural policy would be essential to the success of the economic union.

So when the Treaty of Rome was signed by the initial membership of six countries, it laid the basis for a Common Agricultural Policy

called the CAP. The purposes of the CAP, as stated in the Rome Treaty, were to increase farm productivity, stabilize markets, ensure a fair standard of living for farmers, guarantee regular supplies, and ensure reasonable prices for consumers. Those are worthy objectives. In practice, the EC's goals are more specific and more controversial.

From the beginning, the United States has urged the EC to be outward looking rather than inward looking in its trade and outlook. On matters of agricultural policy, we pointed out to the EC in the early days that the United States experience was a good example of what can happen when farmers produce for government guarantees, regardless of whether the goals are self-sufficiency or income protection.

EC AGRICULTURAL POLICIES

Not only have Americans found themselves in conflict with EC policies and practices at times, so have agricultural interests in other countries. In recent months:

- The Australians have expressed concern about what they consider to be subsidized and unfair competition from the Community as well as restrictions affecting their markets within the EC. The Australians are concerned about their trade in such varied commodities as beef, canned fruit and wheat flour.

- The Australians, along with Brazil and many developing countries, have taken GATT actions against the rapid expansion of sugar production in the Community along with the EC policy of subsidized sugar exports. The rapid increase in subsidized EC sugar exports in recent months has further depressed world sugar prices and has also had unfavorable repercussions on the domestic U.S. sugar market.

- Yugoslavia has been frustrated in its effort to obtain an EC quota for its baby beef that would take account of its traditional trade with Greece.

Expansion of the Community this year to include Greece—and the upcoming additions of Spain and Portugal—add new complications. But the basic issues go back to the beginning of the Common Agricultural Policy.

The first CAP regulations, as established in 1962, covered grains, poultry, pork, eggs, and fruits and vegetables. Since then, regulations

for practically all other agricultural commodities have been added, and regulations for alcohol and potatoes are now being considered by the Community. All of these basic regulations are centered around three fundamental principles: (1) Community preference, (2) common pricing, and (3) common financing.

Community preference establishes within each EC country a preferred market for agricultural products of other EC countries. This helps insulate the EC from world market price fluctuations. In addition to charging tariffs on some imported goods, the EC imposes variable levies which come into play when world market prices fall below the minimum import prices established by the EC.

When EC agricultural products are exported, especially in the case of surplus items, the Community increasingly uses export subsidies to make these commodities more competitive in the world market. On the other hand, if the EC price should go below the world price, the Community may use an export levy to keep products within the Community.

Domestically, the Community uses intervention prices to further support farm income. The intervention price is the price at which a producer is assured a buyer, since the intervention agency in each EC country is obligated to buy at that price. Last month, for example, the EC price for wheat was \$180 per metric ton -about \$4.90 a bushel. Any producer who could not get \$180 for his wheat in the market could turn it over to the intervention agency and receive that price.

Under the Common Agricultural Policy, the EC also subsidizes the production of processed fruits and vegetables, most oilseeds including soybeans, field beans and peas used in animal feed, and various products used in baking, brewing, and glucose manufacture. The EC also grants direct aid to farmers in underprivileged areas.

The second principle of the CAP—common pricing—requires the price of an agricultural commodity to be the same throughout the EC, without interference from either national duties or subsidies. The common pricing principle has often been disrupted by fluctuations in exchange rates, and to deal with this the Community has a system of offsetting border taxes and subsidies.

Under the third principle—common financing—the cost of the Common Agricultural Policy is shared among the member states

through a mechanism known as the European Agricultural Guidance and Guarantee Fund. One section of this fund finances market support expenditures such as intervention purchases, stockpiling costs and export subsidies. Another section finances internal programs aimed at improving the structure of agriculture.

Where do these funds come from?

PAYING THE COSTS OF THE CAP

The most direct burden falls on the EC budget, and this is causing increased concern within the Community. The cost of the Common Agricultural Policy has increased from \$7.7 billion in 1976 to \$14.4 billion in 1980.

This, we should all recognize, is a tax against the consumers within the EC. Often it is easier for an outsider to make this point.

Particularly in the dairy sector, the costs of ever increasing surpluses weigh seriously on the Community's budget. As a result, the EC Commission is now considering ways to reform the CAP in order to reduce support spending on surplus commodities.

The European consumer also pays at the store in the sense that high internal price supports result in higher costs of food at retail. High supports encourage uneconomic production, concentrating resources on commodities that end up in CAP stocks or in subsidized exports, meanwhile discouraging the production of other products that might provide consumers with greater variety and economy. For example, beef, pork, and poultry meat are consistently more expensive in London, Paris, Bonn, and Rome than they are in Washington, Chicago, or Des Moines.

Such overproduction in order to profit from a government policy suggests that the costs of the Common Agricultural Policy are also borne by a third contributor—the world market of which the U.S. is a major part. Increasingly, EC policies seek to shift the cost of domestic programs to other trading countries through unfair competition and through import taxes and other duties and levies. This is an inward looking policy.

An example would be the proposed tax on edible vegetable oils now being advocated by some circles within the Community. Increasingly, the EC's willingness to shift the costs of its domestic programs to the

world market, and that includes the American farmer, is a source of concern to the United States.

THE IMPACT ON U.S. TRADE

I sometimes get the question: Why are you worried about U.S. export business in the European Community in view of the growth that has taken place in that market? U.S. agricultural exports to the Common Market have multiplied 17 times since 1957 when the Treaty of Rome was signed by six nations agreeing to integrate their economies.

That's true. U.S. agriculture's market in Europe has grown since 1957—so has everything. U.S. farm product sales to the EC-9 expanded from \$5.6 billion in calendar year 1975 to \$8.9 billion in 1980. I would add three observations, however:

(1) Since 1975, the Community has declined as a share of U.S. agriculture's export market—from over one-fourth to about one-fifth. As an agricultural market, the EC is relatively stagnant in a world market that has generally been growing and dynamic. This is the result of internal EC policy decisions, not the result of basic economic forces.

(2) In 1980, for the first time in history, Europe fell behind Asia as a market for U.S. farm products. (I refer to all of Asia and all of Europe, exclusive of the Soviet Union which straddles both continents.) This is an historic shift -after 377 years during which Europe was our primary agricultural market.

(3) The largest category in U.S. agricultural trade—grains—has lost substantial ground in the EC. Between 1975 and 1980, U.S. exports of grains and grain products to the Community fell in value from \$2.2 billion to \$1.7 billion. The tonnage declined from 15.6 million to 11.5 million.

Feed grain exports, mostly corn, declined from 13 million tons in 1975 to 9.4 million tons in 1980. Wheat exports to that market fell from 2.5 million tons to 1.5 million tons.

That deficit was more than made up by soybeans and other commodities not subject to the EC's variable levy—so that total farm sales to the EC did appreciate, but modestly as I have said. In the five years, U.S. sales of soybeans rose from 5.7 million tons to 9.6 million tons and soybean meal from 2.6 million to 3.8 million tons.

The decline in U.S. corn exports to the Community reflects both an increase in EC production and a declining rate of growth in feed grain consumption. Both are the result of encouragement by the EC of its own production at high prices, isolated from import competition by variable levies. Let us not forget that these levies are a tax on the consumer of the EC.

At the same time the EC system has attracted competitive products, from the United States and elsewhere. As we have seen, U.S. soybean shipments have increased 68 percent in volume—although even this growth has lagged behind the overall expansion in our world soybean market. U.S. soybean exports to non-EC countries have grown by 74 percent in the past five years.

THE THREAT TO U.S. SOYBEANS AND GRAIN PRODUCTS

Even our \$3.9 billion EC market for oilseeds, mostly soybeans, is subject to occasional assault from EC policymakers. And any serious threat to our soybean duty binding would strike at the very heart of our trading relationship with the Community.

The EC Commission is actively considering a proposal for imposing a tax on vegetable and marine fats and oils. It seems that this tax would be imposed directly on soybeans. Similar measures have been proposed in the EC before, and now are being raised in the context of EC enlargement to include Spain. In the past, we have vigorously protested that any restriction, such as a tax, would nullify our duty bindings on soybeans and soybean products.

We have once again made that point, this time through Secretary of Agriculture Block, who in late May warned EC leaders in Brussels and other European capitals that we will defend U.S. trading rights in Europe and throughout the world. No other issue has so great a potential as the soybean question for seriously undermining our trade with the Community.

While we support Spanish entry, as we have supported the creation and enlargement of the Community from the beginning, we expect that the Community alone will bear the cost of any economic adjustments that occur. We realize that internal adjustments are sometime painful to some economic groups, but healthful adjustments are the only acceptable option for a responsible trading partner.

The United States views the bindings on soybeans and soybean products as being not negotiable; nor will we accept any indirect impairment of these bindings. Any action which would adversely affect this \$4 billion export would lead to immediate U.S. counteraction. You see, we don't feel that we should bear the cost of the adjustments brought about by the enlargement of the EC. The EC is, after all, a large, vigorous entity hardly needing special concessions.

We are also disturbed by pressures to limit EC imports of non-grain feed ingredients, particularly corn gluten feed. Certain voices in the EC advocate unbinding the zero duty bound in the GATT, citing as a justification the growth in imports of corn gluten and fears that rising output of ethanol and corn sweetener production in the United States will sharply increase imports.

Secretary Block told Community leaders in May that their fears are unfounded. The technology of producing isoglucose corn sweetener is such that even with an increased isoglucose output, corn gluten production will not increase. As for ethanol, this administration has given a very low priority to gasohol production, rescinding \$500 million of the \$525 million in loans authorized by the previous administration.

The reason for the increase in U.S. exports of corn gluten to the EC is simply market price. Corn gluten prices in the United States currently are about 25 percent higher than those for domestic corn, while the price of corn gluten in the EC is as much as 20 percent below EC corn prices due to the Community's high price supports. U.S. production has increased moderately, but domestic utilization has declined dramatically as available supplies have been drawn into export channels.

With an export trade in non-grain feed ingredients valued at \$600-700 million last year at stake, the United States would be forced to move decisively to defend its trade interests if the EC were to act to restrict our market opportunities.

UNFAIR COMPETITION IN OTHER MARKETS

Even more serious to us is the Community's policy in relation to competition with U.S. products in third country markets.

The EC has, for example, adopted an increasingly aggressive wheat and wheat flour export policy, using subsidies to dispose of surplus grain in world markets. Most recently, it has targeted key U.S. markets in Latin America as well as in China, where the Commission had authorized an additional subsidy above that provided to other destinations.

This is happening despite the EC's assurances that it would carefully monitor its exports and its pledge of restraint in exporting to markets sensitive to the United States. Subsidized wheat exports from the EC are projected to increase by some 4 million tons in the current marketing year.

Now the Community is discussing the adoption of a similar, intensified export policy for other key agricultural products. This would use subsidies, longterm supply agreements and special credit arrangements to dispose of agricultural surpluses of all kinds in the world market.

Such a plan would directly affect U.S. exports, particularly grains and poultry, and it would put genuine strain on the trade relations between us. We do not question the Community's right under the Subsidy Code to use subsidies. However, we cannot accept their use in order to expand the EC share of the world market at the expense of U.S. farmers, who must compete without any direct assistance in the world market. You see, we welcome economic competition but we do not think American farmers should have to compete against foreign treasuries.

I might say that we have some difficulty in reconciling the EC's need for a surplus disposal program, in grain at least, considering the Community's stocks position in relation to those of other countries and its commitment to world food security.

Although a major grain exporter, the EC maintains carryover stocks at about the same relative level as those held by many developing countries. This is disappointing to us and to other wheat trading countries--importers and exporters alike.

RECENT TRENDS

Recent actions within the European Community are not encouraging. Community officials continue to talk of an increasing

emphasis on agricultural exports and domestic problems. And they continue to view their use of export subsidies as an acceptable trade practice.

The Common Agricultural Policy is nearing an important juncture, a point where the Community must decide its principal direction for the future. Is the Community willing to restrain agricultural production effectively? Or will it continue to become more aggressive as a subsidized exporter? So far, the EC has followed the latter course, one based on increasing production, higher levels of import protection and policies of subsidized surplus disposal abroad.

Both of these approaches are mentioned in recent proposals for CAP reform, although a policy of aggressive subsidized exporting seems to have the upper hand in both word and deed. For example, the Commission has made the point that it intends in the long run to increase its share of the value added taxes collected by member countries. If member states agree to this—to turn over a larger share of VAT receipts to the Community—this will provide additional revenues to pay for EC export subsidies. Should this not work out, the EC may find additional monies by shifting funds from one agricultural sector to another—for example, from price supports for dairy farmers to export subsidies for grains.

Any expansion in export subsidies by the EC will damage American trade, both within the Community and in other world markets. We are not willing to submit to this; nor is American agriculture. Section 301 complaints are pending or planned on a number of commodities, including sugar, wheat, wheat flour and poultry. Other actions are being studied both within our government and outside, with a view toward influencing the future policies of the European Community.

THE CASE FOR COOPERATION

Europe is our oldest customer and one of our most valued. More than that, we share with the EC countries common goals of freedom and plenty in a stable world for our citizens, and we are working together toward those goals in many international bodies in which we share membership.

The world's consumers are becoming increasingly dependent on agricultural trade. In our countries and many others, agricultural trade

is necessary to maintain levels of living. But in some other countries, trade can mean life itself.

Global inflation, monetary instability and energy problems have seriously affected the developed countries. But they have been excruciating to the developing countries. In view of these problems, the world's major trading nations should give serious thought to our obligations to other nations.

The European Community and the United States account for only 11 percent of the world's population—yet we account for about half of all world trade, including about half of all agricultural trade. This places a serious responsibility on us because what we do affects the stability of international trade, the world economy, hence the welfare of other billions of people.

This poses an obligation and an opportunity for the EC and the United States to join in fostering a world of expanding trade, where products move freely and food becomes more available to all, at stable and fair prices. We do not want to lecture the point, but economic freedom and political freedom walk hand in hand.

Domestic farm policies in this Administration are based on the proposition that American agriculture is now part of a world system. We have reached a point where U.S. farmers are capitalized to produce for the export market. They expect to compete in the world market on a fair and realistic basis—and to benefit wherever they have comparative advantage.

That is why the United States continues to work toward a more liberal trade system in which trade distortions would be at a minimum. This is the philosophy underlying our discussions with European Community officials.

President Reagan is moving the United States toward internal policies favoring individual incentive and enterprise—with a minimum of federal regulation. These policies are consistent with external policies favoring trade expansion on an open and competitive basis.

We approach our customers and competitors with an invitation to negotiate for lower trade barriers wherever they exist. A more open trading world is basic to the successful functioning of a food economy that is increasingly global.

We know that in the future we will have to deal more rationally with the world's food and trade problems. The United States and the European Community have the opportunity to work together in a joint leadership role. We support this objective.

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Testimony

U.S. Department of Agriculture • Office of Governmental and Public Affairs

STATEMENT BY DEPUTY SECRETARY RICHARD E. LYNGBEFORE THE SUBCOMMITTEE ON DOMESTIC MARKETING, CONSUMER RELATIONS AND NUTRITION HOUSE COMMITTEE ON AGRICULTURE SEPTEMBER 17, 1981

Mr. Chairman and Members of the Subcommittee, I am happy to be here today to discuss an important topic—the impact of the Department of Agriculture's recent reorganization upon its nutrition activities. I want to assure you that the administration has the interest, intent, and commitment to carry out an active program in human nutrition research, information, and education. We made the organizational changes in the area of nutrition to help us carry out our mission and increase our effectiveness and efficiency.

Let me take a moment to briefly review the reorganization announced by Secretary Block on June 17 as it relates to the Department's nutrition activities. We combined nutrition information functions in a new agency called the Human Nutrition Information Service and placed this agency under the Assistant Secretary for Food and Consumer Services. The Consumer Nutrition Center, the Human Nutrition Information and Dietary Guidance Staff, and the Food and Nutrition Information Center were transferred into the Human Nutrition Information Service from what had been the Science and Education Administration.

We also joined human nutrition research with other USDA research functions by transferring the human nutrition research laboratories from what had been the Science and Education Administration's Human Nutrition Center to the newly reinstituted Agricultural Research Service under the Director of Science and Education.

Conducting research, supplying information, and facilitating education in human nutrition have enjoyed a long tradition in the Department of Agriculture. It dates back to the human nutrition programs first established under the Extension program in 1914. This Administration recognizes that the Department's activities in human

nutrition have contributed considerably to the health and well-being of the American people.

The Administration appreciates, as well, that the Food and Agricultural Act of 1977 firmly establishes USDA's vital role in the food and nutrition sciences. The 1977 Act directs the Secretary to establish "research into food and human nutrition as a separate and distinct mission of the Department of Agriculture. . ." (P.L. 95-113, Section 1423 (a)). The reorganization is the method most likely to accomplish both Congressional directives.

USDA's reorganization follows principles of functional organization that can contribute significantly to the Department's success in its nutrition mission. Nutrition programs need the benefit of experience from those within the Department who perform parallel functions. Functional organization allows those doing similar types of work and using comparable techniques to interact more easily and reinforce each other's work. Functional organization also increases efficiency by helping to avoid unnecessary duplication.

NUTRITION INFORMATION FUNCTIONS

The Department's reorganization brings nutrition information functions into a single unit and gives that unit agency status, a first for USDA. This highlights the importance we place upon these functions and allows those involved in nutrition information activities to work together closely to develop and implement effective and coordinated programs. Nutritional information programs will benefit from direct support and supervision by the Assistant Secretary for Food and Consumer Services. That officer exercises responsibility for consumer programs and is therefore in the best position to carry out nutrition informational functions. The reorganization also will allow the Assistant Secretary for Food and Consumer Services to facilitate applying nutrition information to recipients of the Department's food distribution programs.

The Department is searching for a Director and an Associate Director for the Human Nutrition Information Service. We want outstanding individuals who are recognized authorities in the field of food and nutrition. They must be effective managers and

communicators and able to provide leadership and encourage public confidence.

NUTRITION RESEARCH

We see a special value in functional organization as we strive to move forward in nutrition research. Working under the same organizational umbrella, researchers in human nutrition and other USDA scientists can more easily interact and share their methodologies and results. Human nutrition researchers necessarily conduct most of their experiments on animals and use methodologies similar to those employed by other USDA researchers. That fact paves the way for benefits through cooperation.

Let me share an example of how human nutrition research can be assisted by the Department's other research activities. Nutritionists have long known that vitamin A is important to human eyesight. When they administered vitamin A, however, it did not always bring the expected improvement. A USDA nutrition scientist noted how other Department experimenters had discovered that animals need the trace mineral zinc to utilize vitamin A. USDA proceeded to test the zinc/vitamin A link in humans, and now it is established as a clinical reality.

COORDINATION OF HUMAN NUTRITION POLICY

The Administration realizes that systems of functional organization require special attention to achieve coordination. The reorganization has moved the coordination of nutrition policy up the organizational ladder. The old organization placed responsibility for coordination in the Human Nutrition Center, a subagency of the Science and Education Administration. Now coordination rests with the Assistant Secretary for Food and Consumer Services and the Director of Science and Education and becomes a continuous concern of top policy officials.

Nutrition policy coordination is both helped and compelled by the interrelated nature of the research and information functions. Research obviously supports information activities and must be coordinated to do so effectively. Likewise, nutrition information activities, such as the nationwide food consumption survey and the nutrient data bank, support research efforts.

We expect to see benefits to coordination of nutrition activities, as well as other USDA programs, coming from the emerging USDA Policy and Coordinating Council. An overall Department Council will be supported by Policy and Coordinating Committees in each of the main policy areas, including one for food and nutrition.

These committees will create task forces and working groups that will, in turn, seek out and consider views of interested members of the public. USDA's policy and coordinating structure will be linked to appropriate White House policy councils so that important concerns and needs can move quickly up and down the organizational ladder. Our intention is to have important matters concerning nutrition and other subjects easily brought to the attention of the leadership of the Department for timely decisions and implementation. The tie into the White House policy structure should ease the gaining of Presidential attention when needed.

Mr. Chairman, the organizational changes will improve our efficiency and help us get the most out of available resources. We have reorganized human nutrition programs along functional lines so that those who are doing similar types of work can coordinate and assist each other more effectively. We are developing a mechanism to unify policy and coordinate program implementation, not only for nutrition but for the Department's other responsibilities as well. We intend to see that these initiatives work.

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News Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

BLOCK TO LEAD U.S. DELEGATION TO FOOD AND AGRICULTURE ORGANIZATION CONFERENCE

WASHINGTON, Sept. 15—Secretary of Agriculture John R. Block plans to lead the U.S. delegation to the 21st conference of the United Nations' Food and Agriculture Organization in Rome Nov. 7-12.

The conference, which is expected to be attended by representatives of 147 member nations, many of them ministers of agriculture, will continue through Nov. 26.

Block will speak at the opening session on USDA policies and programs as they contribute to the solution of world food problems and the work of the FAO.

Conference participants will consider food and agricultural aspects of the United Nations' international development strategy for the 1980's and review and approve a program of work and budget for the FAO over the next two years.

Conceived at a 44-nation meeting in Hot Springs, Va., in 1943, the FAO had its first conference in Quebec in October 1945. FAO seeks to improve the production and distribution of food and agricultural products and to raise the level of nutrition for all people of the world. It is also concerned with improving conditions of rural populations and improving the economies of its member nations.

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40 INDICTED IN LARGE-SCALE FOOD STAMP TRAFFICKING

NORFOLK, Va., Sept. 15—A large-scale investigation into illegal food stamp trafficking throughout southeastern Virginia ended Tuesday with indictments and arrests of 40 persons in Norfolk, Newport News, Portsmouth, Hampton, Virginia Beach and Suffolk.

"Operation Sandcrab," a major undercover investigation by combined federal state and local authorities, was disclosed today by Norfolk

Police Chief Charles Grant at a press conference. Grant said food stamps were illegally exchanged for cash and were used to buy cars, stolen guns, television sets, stereo equipment, clothes, tires and drugs, including heroin and marijuana.

The investigation was initiated last March by the Office of Inspector General, U.S. Department of Agriculture, and proceeded in cooperation with the U.S. Attorney, Eastern District of Virginia; U.S. Marshals Service; Virginia Commonwealth attorneys; Bureau of Alcohol, Tobacco and Firearms, and police departments throughout the Tidewater area. Undercover agents of USDA, teamed with local police, to exchange food stamps for various stolen property, narcotics and contraband.

These undercover efforts not only involved crimes in the food stamp program but federal firearms violations and resulted in police solving numerous burglaries and thefts in local jurisdictions as well as in states as far away as Mississippi and New Jersey.

USDA Inspector General John V. Graziano said the investigation is one of many conducted by his office throughout the country. He praised the Virginia Department of Social Services, who provided the initial leads, the Norfolk and Newport News police and the commonwealth prosecutors for their support in combatting fraud in this major program.

Graziano said the operation brings to about 600 the total indictments returned for food stamp fraud based on OIG investigations this year. Since 1975, OIG investigations have resulted in more than 2,000 indictments for food stamp violations.

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USDA CRACKS DOWN ON FOOD STAMP FRAUD

WASHINGTON, Sept. 15—Secretary of Agriculture John R. Block called for a crack down on food stamp violators and said the U.S. Department of Agriculture would not sit by and let criminal abuses undermine the food stamp program.

Speaking at the Food Marketing Institute meeting here, Block said, "The food stamp program provides vital assistance to the poor of this

nation, and we are determined to direct that help to the people who it is intended for and keep it out of the hands of criminal elements."

Block told the wholesale and retail grocers that vigorous anti-fraud efforts in the food stamp program "are nothing new, as you well know. Since the beginning of the program—as a series of pilot projects in 1961—USDA has maintained an aggressive campaign to prevent fraud and abuse. We have expanded the effort as the program has grown."

He said USDA is increasing its ongoing law enforcement efforts since it has become evident that organized crime has entered the picture. One indication of the build-up, he said, is the increase in indictments produced through joint efforts of USDA's inspector general and the U.S. Justice Department.

"In 1980 these efforts produced 407 indictments against food stamp violators. Thus far in 1981 there have been 600 indictments nationwide and over 90 percent of those have resulted in convictions," Block said.

He said Attorney General William French Smith recently announced formation of a special task force to augment law enforcement resources available to USDA. Block then outlined several anti-fraud and abuse measures USDA has developed and put in place over the past year.

The tightening up included requiring social security numbers from food stamp applicants as a condition of eligibility. The social security numbers can be used for computer matching to compare income reported by applicants to information in Social Security Administration and unemployment compensation files.

Soon, photo ID cards will be required in areas where duplicate issuance of food stamp authorizations is a problems, Block said.

In addition, caseworkers now have more authority to verify information applicants provide.

Block said USDA has initiated other program-tightening measures that will eliminate some 875,000 higher-income people from the food stamp program.

He said the number of food stamp recipients has doubled in ten years to 22.6 million currently. The Food and Nutrition Service, the agency that administers the food stamp program, now devotes 20 percent of its 2,006-member staff to program compliance, Block said.

He concluded: "Let there be no mistake about it. We mean to go after food stamp violators with all the resources available to us. You've seen a significant increase in anti-fraud activities at both federal and state levels in recent months. And you're going to see a lot more. With this stepped-up attack, we expect to get significant results."

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UNITED STATES, SOVIET UNION TO HOLD ROUTINE GRAIN CONSULTATIONS IN MOSCOW

WASHINGTON, Sept. 15—U.S. and Soviet grain teams will hold consultations in Moscow, Sept. 30 and Oct. 1, under the terms of the 5-year grain agreement signed between the two countries in 1975, and recently extended for 1 year.

The U.S. team will be headed by Under Secretary of Agriculture Seeley G. Lodwick. Other USDA members are Donald J. Novotny and Cina Radler of USDA's Foreign Agricultural Service, and Harlan Dirks, U.S. Agricultural Counselor in Moscow.

Donald Nelson, assistant U.S. trade representative for agricultural affairs and commodity policy, will represent the U.S. Trade Representative's Office.

Representing the U.S. Department of State are H. Gerry Hamilton, deputy director for economic affairs, Office of Soviet Union Affairs, and Mary Ann Peters, Bureau of Economic and Business Affairs, Office of Food Policy and Programs.

Boris Gordeev, deputy minister of foreign trade, will lead the Soviet team.

During the 2-day session, the U.S. and Soviet teams will review the world, U.S., and Soviet grain situation and outlook and will discuss the possibilities of trade above the basic agreement levels (6-8 million tons) in the year beginning Oct. 1, 1981. They also will review data on shipments and sales concluded thus far for the fifth and sixth agreement years.

The Moscow session is a routine semi-annual consultation called for under the U.S.-Soviet grain agreement. The agreement obligates the United States to provide up to 8 million tons of wheat and corn each

year of the pact and the USSR to take at least 6 million tons of these grains annually.

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USDA SEEKS VIEWS ON OLIVE PROPOSALS

WASHINGTON, Sept. 15—Olive growers, processors and the public may submit comments until Oct. 15 to the U.S. Department of Agriculture on proposed changes in the marketing order for California olives.

Charles Brader, an official with USDA's Agricultural Marketing Service, said anyone may suggest changes in amendments that have been proposed by an olive group or may propose other amendments.

The group that has submitted proposals to USDA is the Olive Administrative Committee, which works with USDA's Agricultural Marketing Service in administering the olive marketing order at the local level. The committee's major proposals would:

- Base sizes of natural condition olives for processing and grade and size designations for canned ripe olives on the recently revised U.S. standards for grades;

- Allow olive handlers to credit expenses they have for brand advertising against a portion of their annual assessment obligation.

- Provide for a public member on the olive administrative committee to represent the public's interests. Presently, the committee is comprised only of growers and handlers.

The committee has also proposed several other changes—mostly administrative.

Brader said USDA may eventually hold a public hearing on amendments suggested by the committee and others. He said a hearing would give everyone interested a chance to testify on proposals. USDA would follow that with a recommended decision after public comments and exceptions are considered.

To go into effect, amendments would have to be voted on and approved by the affected growers.

Comments may be submitted to the Hearing Clerk, USDA, Rm. 1077-S, Washington, D.C. 20250, where anyone may see them.

Copies of proposed amendments are available from Richard Van Diest, Fresno Marketing Field Office, AMS, USDA, Rm. 3114, Federal Bldg., 1130 "O" St., Fresno, Calif. 93721; phone: (209) 487-5175, or William J. Doyle, Rm. 2532-S, AMS, USDA, Washington, D.C. 20250; phone: (202) 447-5975.

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FEDERAL SOIL CONSERVATIONISTS TO AID WESTERN PACIFIC TERRITORIES FROM GUAM OFFICE

WASHINGTON, Sept. 16—The U.S. Department of Agriculture's Soil Conservation Service today announced plans to open a field office in Agana, Guam, as the first step toward fully serving territories in the Western Pacific.

Norman A. Berg, chief of the soil conservation agency, said the office would inventory the island's natural resource conditions, in cooperation with the U.S. Forest Service, to aid the governor and local leaders in determining programs which might best meet local needs.

Later studies will be conducted for the other U.S. Territories of the Western Pacific—the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and American Samoa.

Berg said this would be the first step toward a natural resources conservation program for the territories, which consist of more than 2,000 islands spanning several million square miles over a distance of more than 3,000 nautical miles. The combined land area is just over 500,000 acres.

SCS and Forest Service assistance likely would include soil and vegetation surveys, land classification, watershed protection and flood prevention, irrigation improvements, and management of forest resources.

Secretary of Agriculture John Block authorized the new assistance under Section 601(c) of Public Law 96-597, governing USDA assistance to the territories. Previous SCS help had been limited to some soil survey work reimbursed by the island governments. The Forest Service already provides fire protection and forestry assistance in cooperation with the Guam Department of Agriculture.

"A variety of conservation measures and a lot of ingenuity will be needed to help farmers protect the land and vegetation in the area," Berg said. "The islands are subject to torrential rainfall accompanied by violent winds. Slopes are steep and soils are very complex.

"Farm tracts are small, and farmers have extremely low income and lack forestry and conservation experience."

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USDA TO INCREASE RATES FOR MEAT AND POULTRY INSPECTION OCT. 4

WASHINGTON, Sept. 17—On Oct. 4 the U.S. Department of Agriculture will raise the rates it charges to inspect meat and poultry products to reflect the increased cost of providing these services.

Donald L. Houston, administrator of USDA's Food Safety and Inspection Service, said the basic hourly inspection rate would increase from \$13.46 to \$14.64.

Houston also said the overtime rate paid to USDA inspectors would increase from \$16.76 to \$18.12 per hour, and that the costs for laboratory services will go up from \$26.24 to \$27.28 per hour.

Under the Federal Meat and Poultry Inspection Acts, USDA must assume all inspection costs during routine working hours in all plants producing meat and poultry products for interstate or foreign commerce. However, USDA charges the plant for all mandatory inspection services exceeding 8 hours per day or 40 hours per week.

Houston said the new rates are being implemented on an interim basis—without a formal proposal—because of the immediate need to bring inspection costs in line with expenses starting with the new fiscal year in October.

"The interim rule still provides a means for full public participation in the rulemaking process," Houston said.

Notice of the interim rule will be published in the Sept. 17 Federal Register, available at many public libraries. Comments, which must be received by Dec. 1, should be sent to: Regulations Coordination

Division, FSIS Hearing Clerk, Room 2637, South Agriculture Building,
U.S. Department of Agriculture, Washington, D.C. 20250.

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USDA GRAIN INSPECTION ADVISORY COMMITTEE MEMBERS NAMED

WASHINGTON, Sept. 17—Secretary of Agriculture John R. Block today appointed 12 members to the newly created Federal Grain Inspection Service Advisory Committee.

Kenneth A. Gilles, administrator of the U.S. Department of Agriculture's Federal Grain Inspection Service, said the committee, which was established by recent legislation, will run through Sept. 30, 1984.

"The members represent all segments of the grain industry, including the inspection and weighing agencies," Gilles said. "The committee's first meeting will be announced soon and the committee will meet periodically to provide advice and counseling on administration of the U.S. Grain Standards Act."

Members were selected from nominations submitted by individuals and organizations.

C.W. McMillan, assistant secretary for marketing and inspection services, will be chairman of the committee, and Gilles vice chairman. An employee of USDA's Federal Grain Inspection Service will be executive secretary, and the agency will provide staff support for the committee.

Committee members named today are:

Jay Anderson, East Bernard, Texas, grain farmer;

James B. Boillot, Columbia, Mo., Missouri director of agriculture;

Ray W. Chartier, Dallas Center, Iowa, general manager, Farmland Industries;

David E. Edmiston, Sacramento, Calif., chief of grain and commodity inspection, California Department of Food and Agriculture;

Paul C. Hughes, Blytheville, Ark., executive vice president and general manager, Farmers Soybean Corp.;

Harold E. Hudgins, Overland Park, Kans., export coordinator, Garnac Grain Co., Inc.;

Thomas L. Irmen, Maumee, Ohio, manager, The Grain Group, The Andersons;

Donald M. Mennel, Fostoria, Ohio, chairman, Mennel Milling Co. and Miller National Federation;

Paul E. Pawlisch, Whitefish Bay, Wisc., president, Malting Barley Improvement Assn.;

Richard P. Stone, Springfield, Ill., farmer and president, Stone Seed Farms, Inc.;

Michael Vehle, Mitchell, S.D., vice president, Shanard, Inc.;

Norman D. Weckerly, Hurdsville, N.D., farmer and owner, Hurdsville Grain.

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EX-USDA FORESTER MacCLEERY NAMED DEPUTY ASSISTANT SECRETARY OF AGRICULTURE

WASHINGTON, Sept. 17—Douglas W. MacCleery, a forest products executive and former forester, has been named a deputy assistant secretary of agriculture for natural resources and environment at the U.S. Department of Agriculture.

MacCleery will help Assistant Secretary of Agriculture John B. Crowell direct policy for USDA's Forest Service and Soil Conservation Service. The two agencies have a combined work force of 60,000 and are responsible for administering the nation's forest land and USDA's soil conservation programs.

The newly-appointed official shares these responsibilities with Richard D. Siegel, who was appointed to the same rank and title last month.

"Our goal is to promote and foster sound management of all national land and forest resources in a way that is responsive to society's needs for those resources. We also will give proper consideration to valid environmental concerns and the capability of the land to produce," said MacCleery.

MacCleery comes to the USDA from the National Forest Products Association, where he served as manager of federal forest management programs. In that position, he dealt with issues affecting federal forest management and timber supplies from federal lands.

From May 1967 to March 1974, MacCleery was a career forester with the Shasta-Trinity and Tahoe National Forest, administered by USDA's Forest Service. He developed a five-year timber sale program involving annual sales of 80 million board feet.

MacCleery holds bachelor of science and master of science degrees in Forestry from the School of Natural Resources, Michigan State University. He focused his studies on land resource development, management and policy.

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